BUSINESS RATES RETENTION

Business Rates Retention is currently set at 50% and Uttlesford also act as a collection agency for Central Government, Essex County Council and Essex Fire Authority. The total collectable income is split as follows:

Central Government – 50%
Local Share (50% retained within the county)

- Uttlesford – 40%
- Essex County Council – 9%
- Essex Fire Authority – 1%

The Business Rates Retention scheme is made up of a Baseline funding need, Tariffs, Top ups and Levy charges, these are explained below;

- **Baseline funding need** – this is the minimum amount of funding the Local Authority needs, calculated by Central government.

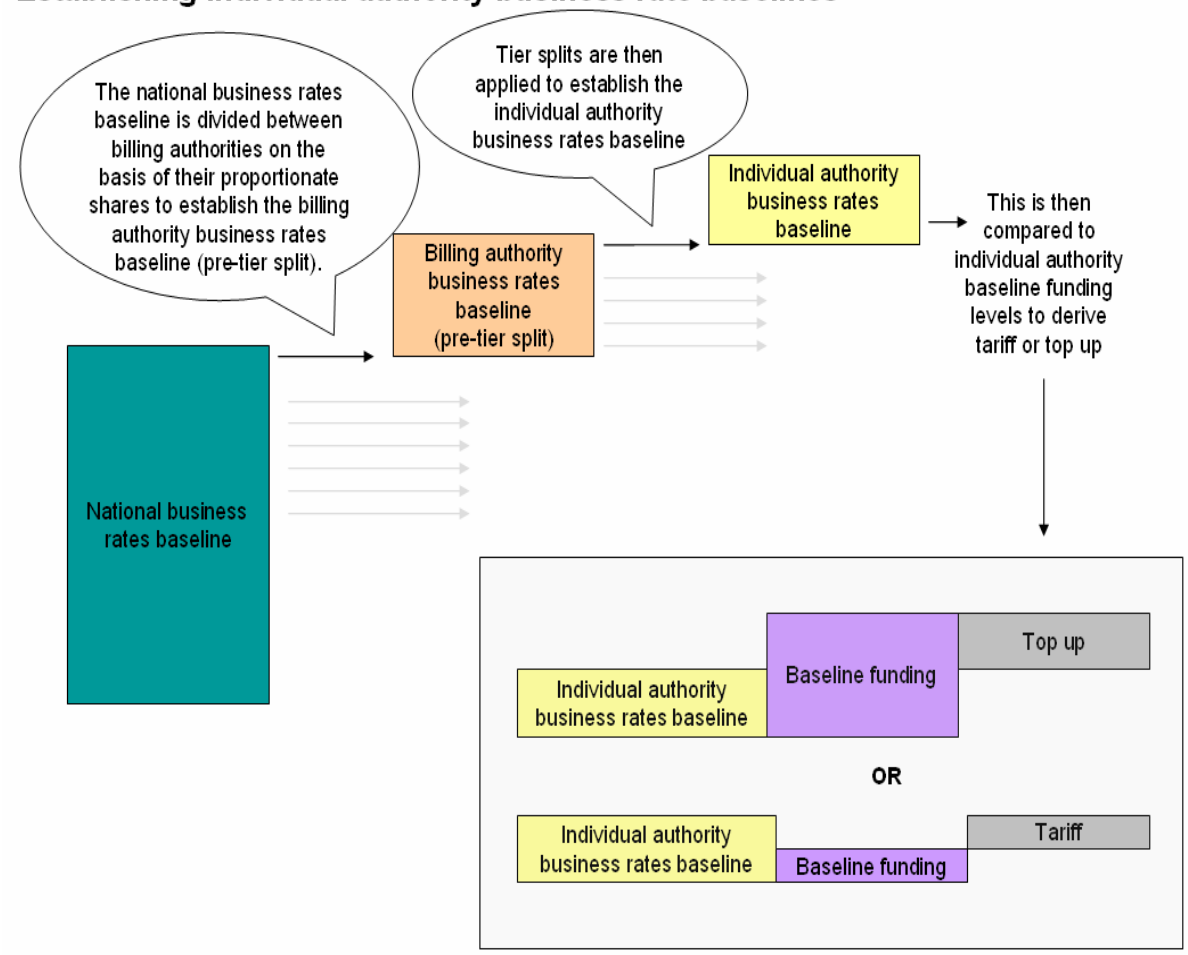
- **Tariffs** – this is the amount we are required to pay to central government from the amount of business rates collected over and above the baseline funding need and up to the 'target' (expected amount to be collected) income. (Target income – Baseline funding need = Tariff)

- **Top Up** - If we fall below 92.5% (safety net) of the baseline funding need we receive a financial payment to bring our income back to this level (baseline funding need). It should be noted that if we do not receive any financial top up between 92.5% and 100%, for example if our collection was reduced to 95% we would have to absorb this income shortfall within our own accounts

- **Levy** – This is a charge made by central government on any growth in income we achieve over the 'target' income and this is also charged at 50%. This differs from the tariff in that the Council retains the other 50%; the retained growth is not shared with Essex County Council or Essex Fire Authority.

A graph explaining in high level terms how the process works is shown on the following page.

Establishing individual authority business rate baselines



Business Rates Income – Year Ending 2017/18

As an example I have detailed how this works in real terms for Uttlesford for the year 2017/18:

Business Rates - 2017/18		
Business Rates Collectable		
	£ '000	
Business Rates Income	(43,142)	
Admin adjustments/surplus/Deficit	1,282	Includes transitional protection payments from MHCLG
Net Collectable Income	***(41,860)***	
Central Government	20,930	50% share
Essex County Council	3,767	9% share
Essex Fire Authority	419	1% share
Uttlesford Share	16,744	40% share
	41,860	
Business Rates Retained - UDC		
Uttlesford Share	(16,744)	As per NNDR1
Collection Fund balance (deficit)	1,372	
Less:		
Tariff	14,431	Payable to government for income between baseline need and baseline funding target
Levy chargeable	509	50% of income (growth) above the baseline funding target
Add:		
Section 31 grant	(1,088)	Additional funding to support cost of Business Rate reliefs
Essex Pool Benefit	(368)	Reduced requirement on the amount of Levy payable to government for participating in a pool
Renewable Energy	(152)	The council retains 100% of business rates income where it is generating renewable energy (e.g. wind farms)
Total revenue income	**(2,040)**	Off this £466k was put into the reserve to support any future year deficits

Essex Business Rates Pool

Uttlesford is a member of the Essex Business Rates Pool, which includes Essex County Council and 13 other Local Authorities within Essex; this allows us to combine all the safety net and levies to reduce the overall amount payable to central government by creating a 'joint levy'. The following table shows a practical example of how this worked in 2017/18:

	Individual Levy Payments £'000	Pool Levy Payments £'000	Pooling Benefit (levy saving) £'000
Essex	-	2,714	2,714
Essex Fire Authority	-	223	223
Braintree	(1,170)	(531)	638
Brentwood	(481)	(171)	310
Castle Point	(282)	(97)	185
Colchester	(1,484)	(645)	838
Epping Forest	(1,170)	(556)	614
Maldon	(461)	(219)	242
Rochford	(141)	(8)	133
Tendring	(1,155)	(568)	588
Uttlesford	(509)	(141)	368
Total Essex Pool	**(6,852)**	-	**6,852**